



# City of Austin

## Recommendation for Action

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**File #: 24-4219, Agenda Item #: 3.**

**4/4/2024**

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### **Posting Language**

Approve an ordinance to suspend a Gas Reliability Infrastructure Program interim rate adjustment proposed by Atmos Energy Corporation, Mid-Tex Division.

### **Lead Department**

Financial Services Department

### **Fiscal Note**

This item has no fiscal impact.

### **For More Information:**

Diana Thomas, CPA, Deputy Chief Financial Officer, 512-974-1166.

### **Additional Backup Information:**

On February 23, 2024, Atmos Energy Corporation made a Gas Reliability Infrastructure Program (GRIP) filing in the City of Austin and in the other cities it serves in its Mid-Tex Division and with the Railroad Commission of Texas for customers located in the unincorporated areas, referred to as environs.

This filing was made under Texas Utilities Code, Section 104.301, which establishes the GRIP and allows a gas utility, on an annual basis, to recover capital investments in gas pipeline infrastructure and related expenses made during the interim period between formal rate case filings. GRIP rates must be based on reasonable increases in invested capital costs. Operation and maintenance costs cannot be recovered through a GRIP.

Atmos Energy is seeking recovery of \$1,144,385,560 in net invested capital for the Mid-Tex Division for the period of January 1, 2023, through December 31, 2023. The current filing will increase rates to residential customers by \$6.73 per month, with an increase to the current fixed residential charge from \$41.23 to \$47.96 per month, excluding taxes. The filing will increase rates to commercial customers by \$22.32 per month, with an increase to the fixed monthly charge for commercial customers from \$114.32 to \$136.66 excluding taxes.

There are approximately 9,700 active meters in the City of Austin limits. These increases have an effective date for meters read beginning on April 23, 2024, unless suspended by 45 days as allowed by Section 104.301 of the Texas Utilities Code. As the local regulatory authority for natural gas rates charged to customers in Austin, the City Council has the authority to suspend implementation of the proposed rate increase for up to 45 days to allow additional time for staff to exercise the City's limited ministerial authority to review the filing to ensure it complies with the requirements of the GRIP statute that allows recovery of the prior year's invested capital. Staff recommends approval of this ordinance suspending the effective date by 45 days. No further Council action will be needed.